

A-Engrossed
Senate Bill 1002

Ordered by the Senate March 30
Including Senate Amendments dated March 30

Sponsored by COMMITTEE ON RULES (at the request of Dana Baugher)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Reduces threshold contract value for requiring that residential construction contract be in written form. [*Makes contract voidable by consumer if not in written form when required.*]

A BILL FOR AN ACT

1
2 Relating to residential construction contracts; amending ORS 701.055.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1.** ORS 701.055 is amended to read:

5 701.055. (1) A person may not undertake, offer to undertake or submit a bid to do work as a
6 contractor unless that person has a current, valid license issued by the Construction Contractors
7 Board. A partnership, corporation or joint venture may not undertake, offer to undertake or submit
8 a bid to do work as a contractor unless that partnership, corporation or joint venture is licensed
9 under this chapter. A partnership or joint venture is licensed for the purpose of offering to under-
10 take work as a contractor on a structure if any of the partners or joint venturers whose name ap-
11 pears in the business name of the partnership or joint venture is licensed under this chapter.

12 (2) A licensed partnership or corporation shall notify the board immediately upon any change
13 in licensed partners or corporate officers. If a partnership no longer has a licensed partner, the
14 partnership may not conduct activities that require a license under this chapter.

15 (3) A city, county or the State of Oregon shall not issue a building permit to any person required
16 to be licensed under this chapter that does not have a current, valid license. A county, city or state
17 agency that requires the issuance of a permit as a condition precedent to construction, alteration,
18 improvement, demolition, movement or repair of any building or structure or the appurtenances to
19 the structure shall, as a condition for issuing the permit, require that the applicant for a permit file
20 a written statement, subscribed by the applicant. The statement must affirm that the applicant is
21 licensed under this chapter, give the license number and state that the license is in full force and
22 effect, or, if the applicant is exempt from licensing under this chapter, list the basis for the ex-
23 emption. The city, county or state agency shall list the contractor's license number on the permit
24 obtained by that contractor.

25 (4) If the applicant for a building permit is exempt from licensure under ORS 701.010 (6), the
26 city, county or state shall supply the applicant with an Information Notice to Property Owners
27 About Construction Responsibilities. The city, county or state shall not issue a building permit for
28 a residential structure to the applicant until the applicant signs a statement in substantially the

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.
New sections are in **boldfaced** type.

1 following form:

2 _____
3
4 (a) I have read and understand the Information Notice to Property Owners About Construction
5 Responsibilities; and

6 (b) I own, reside in or will reside in the completed dwelling. My general contractor is
7 _____, Construction Contractors Board license no. _____, license expiration date
8 _____. I will instruct my general contractor that all subcontractors who work on this
9 dwelling must be licensed with the Construction Contractors Board; or

10 (c) I am performing work on property I own, a residence that I reside in or a residence that I
11 will reside in.

12 (d) I will be my own general contractor and, if I hire subcontractors, I will hire only subcon-
13 tractors licensed with the Construction Contractors Board.

14 (e) If I change my mind and do hire a general contractor, I will contract with a general con-
15 tractor who is licensed with the Construction Contractors Board and I will immediately notify the
16 office issuing this building permit of the name of the general contractor _____.

17 _____
18
19 (5) The board shall adopt by rule a form entitled "Information Notice to Property Owners About
20 Construction Responsibilities" that shall describe, in nontechnical language and in a clear and co-
21 herent manner using words in their common and everyday meaning, the responsibilities property
22 owners are undertaking by acting as their own general contractor and the problems that could de-
23 velop. The responsibilities described in the form shall include, but not be limited to:

24 (a) Compliance with state and federal laws regarding Social Security tax, income tax and un-
25 employment tax.

26 (b) Workers' compensation insurance on workers.

27 (c) Liability and property damage insurance.

28 (6) The board shall develop and furnish to city, county and state building permit offices, at no
29 cost to the offices, the Information Notice to Property Owners About Construction Responsibilities
30 and the statement to be signed by the permit applicant.

31 (7) A city or county that requires a business license for engaging in a business subject to reg-
32 ulation under this chapter shall require that the licensee or applicant for issuance or renewal of the
33 business license file, or have on file, with the city or county, a signed statement that the licensee
34 or applicant is licensed under this chapter.

35 (8) It is prima facie evidence of doing business as a contractor if a person for that person's own
36 use performs, employs others to perform, or for compensation and with the intent to sell the struc-
37 ture, arranges to have performed any work described in ORS 701.005 (2) if within any 36-month pe-
38 riod that person offers for sale two or more newly built structures on which that work was
39 performed.

40 (9) Licensure under this chapter is prima facie evidence that the licensee conducts a separate,
41 independent business.

42 (10) The provisions of this chapter are exclusive and a city, county or other political subdivision
43 may not require or issue any registrations, licenses or surety bonds, nor charge any fee for the
44 regulatory or surety registration of any contractor licensed with the board. This subsection does
45 not limit or abridge the authority of any city or county to:

1 (a) License and levy and collect a general and nondiscriminatory license fee levied upon all
2 businesses or upon business conducted by any firm within the city or county;

3 (b) Require a contractor to pay a fee, post a bond or require insurance when the city, county
4 or political subdivision is contracting for the service of the contractor; or

5 (c) Regulate a contractor that is not required to be licensed under this chapter.

6 (11)(a) A contractor shall maintain a list that includes the following information about all sub-
7 contractors or other contractors performing work on a project for that contractor:

8 (A) Names and addresses.

9 (B) License numbers.

10 (b) The contractor must deliver the list referred to in paragraph (a) of this subsection to the
11 board within 72 hours after a board request made during reasonable working hours.

12 (12) A contractor shall not hire any subcontractor or other contractor to perform work unless
13 the subcontractor or contractor is licensed under this chapter or exempt from licensure under ORS
14 701.010.

15 (13) A consumer notification form designed to specifically inform a property owner what the
16 property owner should do to protect themselves in a residential repair, remodel or construction
17 project shall be prepared by the board and provided at no cost to all licensed contractors. The
18 contractor shall deliver the form to the property owner when the contractor submits a bid or pro-
19 posal for work on a residential structure. The form shall include an explanation of the meaning of
20 licensure, including a statement that licensure is not an endorsement of a contractor's work, and
21 an explanation of the bond and insurance levels required of contractors for the benefit of property
22 owners. The form must not be larger than one side of a sheet of paper that is 8-1/2 inches by 11
23 inches. The contractor may reproduce the form on the contractor's bid proposal.

24 (14) A contractor may not perform work subject to this section for an owner of a residential
25 structure without a written contract if the aggregate contract price exceeds [~~\$2,500~~] **\$2,000**. If the
26 price of a contract was initially less than [~~\$2,500~~] **\$2,000**, but during the course of performance the
27 contract exceeds that amount, the contractor shall mail or otherwise deliver a written contract to
28 the owner not later than five days after the contractor knows or should reasonably know that the
29 contract price will exceed [~~\$2,500~~] **\$2,000**. Failure to have a written contract will not void the con-
30 tract.

31 (15) Except as provided in ORS 671.540, a contractor that is not licensed under ORS 671.560
32 shall hire a person licensed under ORS 671.560 to perform landscaping work.

33